

SAVINGS PLUS PROGRAM**457 DEFERRED COMPENSATION PLAN****CATCH-UP INSTRUCTIONS**

SPP 667 rev. 12/1999



Section 457 of the Internal Revenue Code provides that within three years of attaining "normal retirement age," an eligible State employee may "Catch-up" by deferring wages in addition to the normal maximum deferral amount. The amount that may be deferred under this provision is determined based on possible deferrals not made in prior tax years beginning with tax year 1979. The Catch-Up limitation is \$15,000 per year. Federal Legislation did not provide for an increase of the normal deferral amount in the Catch-Up provision.

NORMAL RETIREMENT AGE is defined as a range of ages ending no later than age 70½ and no earlier than the earliest age of voluntary retirement without actuarial reduction of the retirement benefit.

Retirement Category	Retirement Formula	Catch-up Contributions May Begin At Age
Miscellaneous	2% at 55	52
Safety	2.5% at 55	52
Peace Officer and Firefighter	3% at 55	47
Highway Patrol Officer (CHP)	2.5% at 50	47

The catch-up provision may only be started once, whether all or part of the three-year catch-up is utilized. Should you not retire when you reach retirement age, you may continue to contribute at the normal limitation level; i.e., 25% of adjusted gross salary or \$8,000 per year, whichever is less.

PROCESSING FEE - There is a **\$15** processing fee. Make your check or money order payable to the Department of Personnel Administration (DPA). This fee must be submitted with the Catch-up Worksheet/Certification Form.

NOTE – If you are not currently enrolled in the 457 Deferred Compensation Plan, contact the Savings Plus Program.

SECTION 1 – PARTICIPANT INFORMATION

Complete all information requested.

SECTION 2 - CALCULATION

- Identify the tax year(s) you were employed by the State but did not contribute the maximum amount you were eligible to defer. Do not identify prior to tax year 1979.
- Record your gross earnings for each tax year as identified in A. Your gross wages may be determined from your Form W-2 issued by the State. Only wages paid to you as a State employee may be considered when determining your gross earnings for purposes of the Catch-up provision.
- For each tax year, determine 25% of your adjusted gross wages not to exceed \$7,500. This adjustment is not required if you are in Tier II Retirement.
- Enter any amounts deferred in the 457 Plan for each tax year. This can be determined from your pay stubs or periodic statements issued to you by the Program Recordkeeper, investment firms or W-2s.
- Subtract column D from column C for each year to determine the amount you are eligible to Catch-up.
- Add all the amounts in column E.

SECTION 3 – SALARY DEDUCTIONS

This section is to show the monthly amounts you wish to defer for up to three Catch-up years (tax years), if you are eligible.

G. Identify the next three tax years (or part thereof) for which you intend to utilize the Catch-up provision.

Note: the tax year in which you retire may not be utilized as a Catch-up year. Any “Catch-up” deduction during a tax year is considered as utilization of that tax year for purposes of the Catch-up provision. The current and next two years are shown on the form for ease of computation and clarity.

H. Enter the number of pay periods available to you for each Catch-up year. Remember that for most employees paid monthly, the annual year is from December to November (the December pay period warrant is dated January 1st, and is income for the new tax year). Add the total number of pay periods (total of column H).

I. Enter in column I the amount shown in Section 2 (F) divided by the total of column H. This is the Catch-Up amount for each Catch-up month. **All Catch-up monies can only be contributed to the 457 Plan.** If a participant reduces his contribution, it is considered a reduction in his Catch-up amount and not his normal monthly deferral. **A participant can still be in Catch-up as long as he maintains at least one dollar over his normal monthly deferral.**

J. Enter the monthly amount you intend to defer under your normal deferral limitation i.e., 25% of your adjusted gross salary, not to exceed \$8,000 per year (\$666 per month) whichever is the lesser amount. Legislation did not provide for an increase of the total deferral amount with the Catch-Up provision. Therefore, the total deferral must remain at \$15,000 per year. (\$8,000 normal deferral, \$7,000 Catch-up). To calculate one's adjusted gross salary, take your gross from a payroll check stub. Subtract any amount with an asterisk - other than one's contribution to his 457 or 401(k) Plans - and then multiply by .25. If the amount is greater than \$666, you take the \$666. If it is less than \$666, you must take the lesser amount.

K. If contributing to both the 457 and 401k plans, enter the monthly amount you intend to defer under your normal deferral limitation for the 401(k), (not to exceed \$8,000 combined with your 457 Plan normal deferral).

NOTE: If contributing to both 457 and 401(k) Plans, the same rules apply as provided in the plan brochure. “If you want to contribute to both the Thrift [401(k)] and Deferred Compensation Plan (457) and want to reach the limit of 25%, you must contribute at least 7% to the DCP Plan.” For example, if you make an adjusted salary of \$50,000, 7% of this salary must be placed in the 457 and the remainder of the \$8,000 can be placed in the 401(k). (\$8,000 - 3,500 = \$4,500 divided by 12 months or \$375 in the 401(k) per month). This is discussed in more detail in the current Savings Plus Brochure example on page 14. **The entire Catch-up amount must be deferred in the 457 Plan.**

L. Add I, J, and K to determine the total monthly deferral. The total amount of your deferral, both normal and Catch-up, may not exceed \$15,000 per year.

Because of payroll restrictions, your total deferral may not exceed 80% of your gross salary for any pay period. **Once you initiate the Catch-up provision, it is your responsibility to notify the Savings Plus Program office should your retirement plans change. If your Catch-up period has expired you must reduce your monthly deferral amount so you do not over-defer. Should an over-deferral occur, a processing fee of \$50 will be assessed from your account and the over-deferral amount returned .**

Signature/Date - You are responsible for the accuracy and correctness of Catch-up calculations in the same manner as it is your responsibility for the proper calculation and payment of State and Federal Tax. The Worksheet/ Certification is required for participation in the Catch-up provision. If you do not have documentation to support these facts, you should obtain such information from the appropriate payroll office/investment firm. There may be a service charge from the investment firms if they have to provide you with copies of past statements, etc.

If you have any questions, please call (800) 827-5000 between 8:30 a.m. and 4:00 p.m., Monday - Friday to speak with a Savings Plus Program Representative.

Complete all information and a check or money order for \$15. Mail to the Department of Personnel Administration, Savings Plus Program, 1800 15th Street, Sacramento, CA 95814-6614.

SAVINGS PLUS PROGRAM**457 Deferred Compensation Plan****CATCH-UP WORKSHEET/CERTIFICATION FORM**

SPP 667 rev. 12/1999

**SECTION 1: PARTICIPANT INFORMATION**

Social Security Number: _____

First Name _____

MI _____

Last Name _____

Date of Birth (month/day/year): _____

Planned Retirement Date (month/year): _____

Daytime Phone: _____

Evening Phone: _____

Retirement Category - Circle One

Miscellaneous Safety PeaceOfficer/Firefighter CHP

Adjusted Gross Salary:

\$ _____

Effective Pay Period: _____

Pay Frequency: (monthly or semi-monthly) _____

Payroll Office - Circle One

SCO Senate Assembly Legislative Analyst Other _____

457 DCP Total Deduction for each payroll warrant \$ _____

401(k) Total Deduction for each payroll warrant \$ _____

Privacy Statement: The Information Practices Act of 1977 (Civil Code Section 1798.17) and the Federal Privacy Act (Public Law 93-579) require that this notice be provided when collecting personal information from individuals. Information requested on this form is used by the Savings Plus Program for purposes of identification and account processing. It is mandatory that you furnish all information requested on this form. Failure to provide mandatory information may result in action requested not being processed.

SECTION 2: CALCULATIONS

A Tax Year	B Gross Earnings	C Maximum Deferral	D Actual Amount Deferred	E Amount Not Deferred
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

F. Total Catch-Up Amount (not to exceed \$7,500 or \$22,500): _____

SECTION 3: SALARY DEDUCTIONS

G Catch-Up Year	H # of Pay Periods	I Monthly Catch-Up	J 457 Normal Monthly Deferral	K 401(k) (Optional)	*L Total Monthly Deferral
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total (column #H) _____

* Not to exceed \$15,000 per year

PARTICIPANT CERTIFICATION:

I certify under penalty of perjury that these facts are true and correct. I understand that it is my responsibility to ensure conformance with all requirements of the Catch-Up provision.

Signature

Date _____